

56th

Annual Report
1967



File

THE
STERLING TRUSTS
CORPORATION

DIRECTORS

Chairman of the Board

RAY T. BIRKS, Q.C. - - - - - Toronto, Ont.

President

NIELS F. PETERSEN - - - - - Toronto, Ont.

Vice-Presidents

ROBERT BIGELOW, Q.C. - - - - - Toronto, Ont.

H. T. BURGESS - - - - - Toronto, Ont.

E. R. MEREDITH - - - - - Toronto, Ont.

S. B. ADAMS, C.A. - - - - - Toronto, Ont.

N. H. BELL - - - - - Toronto, Ont.

WALTER A. DILWORTH - - - - - Toronto, Ont.

R. I. HENDY, Q.C. - - - - - Toronto, Ont.

LORNE JOHNSON - - - - - Regina, Sask.

H. D. LANGDON, Q.C. - - - - - Toronto, Ont.

JAS. R. LOVATT - - - - - Toronto, Ont.

CHAS. J. SEAGRAM, Q.C. - - - - - Barrie, Ont.

ARTHUR W. WHITE - - - - - Toronto, Ont.

T. GORDON TAYLOR - - - - - General Manager

Auditors

MESSRS. PEAT, MARWICK, MITCHELL & CO.

INCORPORATED IN NINETEEN HUNDRED AND ELEVEN
MEMBER OF CANADA DEPOSIT INSURANCE CORPORATION

EXECUTIVE COMMITTEE

N. F. PETERSEN

S. B. ADAMS, C.A.

ROBERT BIGELOW, Q.C.

H. T. BURGESS

R. I. HENDY, Q.C.

H. D. LANGDON, Q.C.

E. R. MEREDITH

OFFICERS

R. T. BIRKS, Q.C.
CHAIRMAN OF THE BOARD

N. F. PETERSEN
PRESIDENT

H. T. BURGESS
VICE-PRESIDENT

ELTON R. MEREDITH
VICE-PRESIDENT

ROBERT BIGELOW, Q.C.
VICE-PRESIDENT

T. GORDON TAYLOR
GENERAL MANAGER

DENNIS W. JONES, F.C.I.S.
ASSISTANT GENERAL MANAGER

F. C. BEVERIDGE
SECRETARY

A. G. HAWTHORNE, C.G.A.
TREASURER AND ACCOUNTANT

LANGTON MARTIN
MANAGER, STOCK TRANSFER DEPARTMENT

ARTHUR IVINEY
MANAGER, MORTGAGE DEPARTMENT

W. G. MASHINTER
MANAGER, GUARANTEED TRUST DEPARTMENT

W. A. WARD
MANAGER, ESTATES DEPARTMENT

T. J. F. ROSS
SECURITIES OFFICER

W. E. DEWSNAP
TRUST OFFICER

SPECIAL REPRESENTATIVES

C. LESLIE CHITTICK

A. L. SMOKE

R. E. WHITE

H. E. HALL

To Our Shareholders:

The Fifty-Sixth Annual Report of the Corporation for the year 1967 is submitted for your approval.

1967 was a difficult year for financial institutions. Interest rates rose to the highest in modern times; demands for money by all levels of governments, as well as the business market, exerted strong pressure for available funds.

I am pleased to say that in spite of these conditions our Guaranteed Account increased by \$3,367,000 to \$38,043,000. The unusually high rates of interest affected the bond market adversely, therefore, in keeping with our policy and in view of higher interest rates, the majority of available funds were invested in mortgages, which increased by \$4,593,000 to \$29,460,000.

Net Profit increased by \$13,500 to \$263,125, after absorbing greatly increased expenses and an unusual item of \$23,479 for "Office Modernization and Alterations".

The improved Toronto office premises will, when completed, add considerably to the efficiency and comfort of staff and customers.

On your behalf, may I take this opportunity to express appreciation to members of the Board of Directors and the Staff for their loyal efforts, which contribute so much to the strength of your Corporation.

TORONTO, January 26, 1968

N. F. PETERSEN,
President.

THE STERLING TR

BALANCE

December

ASSETS

	1967	1966
Cash on hand and in banks - - - - -	\$ 780,237	\$ 700,532
Securities, including accrued interest:		
Canadian and Provincial Government bonds, at amortized cost - - - - -	3,107,184	2,924,001
Other Securities, at cost, less reserve:		
Canadian Municipal bonds - - - - -	4,210,680	4,726,872
Other bonds and debentures - - - - -	1,225,952	1,288,794
Stocks - - - - -	1,447,207	1,239,282
Total other securities (quoted market value 1967 -\$6,758,090 and 1966-\$7,268,280) - - - - -	6,883,839	7,254,948
Total Securities - - - - -	<u>\$ 9,991,023</u>	<u>\$10,178,949</u>
Loans on bonds and stocks - - - - -	\$ 415,055	\$ 1,335,430
Advances to estates - - - - -	52,899	51,429
First mortgages, including interest due and accrued - -	29,460,270	24,866,529
Office premises and equipment, less amounts written off - - - - -	189,814	210,276
Other assets - - - - -	6,853	7,938
	<u>\$40,896,151</u>	<u>\$37,351,083</u>
Total assets under administration:		
Cash, securities and other assets held for estates, trusts and agencies - - - - -	\$18,444,745	\$16,759,792
Company's Capital and Guaranteed Account assets	40,896,151	37,351,083
	<u>\$59,340,896</u>	<u>\$54,110,875</u>

T S CORPORATION

S H E E T

, 1967

LIABILITIES AND SHAREHOLDERS' EQUITY

	1967	1966
Guaranteed Trust Account:		
Savings deposits - - - - -	\$ 7,121,614	\$ 6,921,445
Guaranteed trust certificates, including accrued interest - - - - -	30,921,390	27,754,678
Total Guaranteed Account - - - - -	<u>\$38,043,004</u>	<u>\$34,676,123</u>
Accounts payable - - - - -	34,411	14,270
Dividend payable, January 2, 1968 - - - - -	56,412	56,412
Income taxes payable - - - - -	35,501	13,779
Mortgage reserve - - - - -	400,000	275,000
Shareholders' Equity:		
Capital stock:		
Authorized 1,000,000 shares of \$2.00 each		
Issued and fully paid 564,120 shares - - - -	1,128,240	1,128,240
Reserve fund - - - - -	1,125,000	1,125,000
Undivided profits - - - - -	73,583	62,259
Total Shareholders' Equity - - - - -	<u>\$ 2,326,823</u>	<u>\$ 2,315,499</u>
	<u>\$40,896,151</u>	<u>\$37,351,083</u>

We certify that to the best of our knowledge and belief the foregoing balance sheet is correct and shows truly and clearly the financial condition of the Corporation's affairs.

RAY T. BIRKS, *Chairman of the Board*

NIELS F. PETERSEN, *President*

T. GORDON TAYLOR, *General Manager*

THE STERLING TRUSTS CORPORATION

STATEMENT OF EARNINGS

For the year ended December 31, 1967

	<u>1967</u>	<u>1966</u>
Revenue:		
Income from first mortgages - - - - -	\$ 2,010,639	\$ 1,660,168
Income from bonds and stocks - - - - -	556,721	549,200
Fees and commissions - - - - -	197,571	188,564
Other operating revenue - - - - -	87,279	93,212
Total Revenue - - - - -	<u>2,852,210</u>	<u>2,491,144</u>
Expenses:		
Interest on savings deposits and guaranteed trust certificates - - - - -	1,875,795	1,589,263
Salaries, staff benefits and commissions - - - - -	367,965	340,104
Other operating expenses - - - - -	180,574	163,014
Office modernization and alterations - - - - -	23,479	—
Depreciation - - - - -	20,462	11,148
Total Expenses - - - - -	<u>2,468,275</u>	<u>2,103,529</u>
Net earnings from operations - - - - -	383,935	387,615
Net gain on realization of investments - - - - -	58,279	28,018
Net earnings before taxes on income - - - - -	442,214	415,633
Taxes on income - - - - -	179,089	166,000
Net earnings for the year, transferred to undivided profits - - - - -	<u>\$ 263,125</u>	<u>\$ 249,633</u>

STATEMENT OF UNDIVIDED PROFITS

For the year ended December 31, 1967

Balance at beginning of year - - - - -	\$ 62,259	\$ 52,427
Add:		
Transfer from net earnings for the year - - - - -	263,125	249,633
Reduction in income taxes by reason of transfer to mortgage reserve - - - - -	65,000	52,000
	<u>390,384</u>	<u>354,060</u>
Deduct:		
Transfer to mortgage reserve - - - - -	125,000	100,000
Dividends - - - - -	191,801	191,801
	<u>316,801</u>	<u>291,801</u>
Balance at end of year - - - - -	<u>\$ 73,583</u>	<u>\$ 62,259</u>

THE STERLING TRUSTS CORPORATION

STATEMENT OF RESERVE FUND

For the year ended December 31, 1967

	1967	1966
Balance at beginning of year - - - - -	\$ 1,125,000	\$ 1,375,000
Deduct:		
Amount transferred to investment reserve - - -	—	250,000
Balance at end of year - - - - -	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>

STATEMENT OF MORTGAGE RESERVE

For the year ended December 31, 1967

Balance at beginning of year - - - - -	\$ 275,000	\$ 175,000
Add transfer from undivided profits - - - - -	125,000	100,000
Balance at end of year - - - - -	<u>\$ 400,000</u>	<u>\$ 275,000</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The Sterling Trusts Corporation as at December 31, 1967, and the statements of earnings, undivided profits, reserve fund and mortgage reserve for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Trust Account and for Estates, Trusts and Agencies are kept separate from the corporation's own assets and are so recorded on the books of the corporation as to show the accounts to which they belong.

In our opinion, the accompanying balance sheet and statements of earnings, undivided profits, reserve fund and mortgage reserve, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the corporation as at December 31, 1967 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the corporation.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

TORONTO, ONTARIO, January 16, 1968

OFFICES

TORONTO, ONTARIO 372 BAY STREET

D. W. JONES, F.C.I.S., *Manager*

BARRIE, ONTARIO 35 DUNLOP STREET

J. A. SHUTE, *Manager*

ORILLIA, ONTARIO 73 MISSISSAGA ST. E.

B. M. HEWITT, *Manager*

REGINA, SASKATCHEWAN ROSE AND 11TH STREETS

W. A. FOWLIE, *Manager*

SERVICES

Estates Department

Guaranteed Trust Account

Savings Department

Safe Deposit Boxes

Real Estate Department

Property Management

Corporate Trust and Transfer Department

Financial Agency

Mortgage Department

Retirement Savings Plan
